

Message Text

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ACTION EUR-12

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E.O. 11652: N/A

TAGS: EFIN, OECD, FR

SUBJECT: INVESTMENT/MNE EXERCISE IN OECD COMMITTEE IN
SPECIAL SESSION (XCSS)

REF: A. STATE 244178; B. PARIS 26694

1. EMBASSY HAS NOW CONSULTED WITH BOTH QUAI AND
FINANCE MINISTRY ON INVESTMENT AND MNE ISSUES DIS-
CUSSED REFTEL A. ON RECOMMENDATION BRUNET AND
LAROSIERE, DETAILED DISCUSSION TOOK PLACE WITH WORKING
LEVEL OFFICIALS.

2. AS OF THIS TIME, GOF DOES NOT YET APPEAR TO HAVE
FULLY COORDINATED ITS POSITION ON ISSUES INVOLVED,
PARTICULARLY GUIDELINES ON NATIONAL TREATMENT. IT
IS CLEAR, HOWEVER, THAT IF AT THE MOMENT VIEWS OF
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QUAI AND RUE DE RIVOLI DIFFER ON ITEM 8 (QUAI ALONE

SUPPORTS "HARD" POSITION B), MARKED FRENCH PREFERENCE FOR WIDE-OPEN ARTICLE 1A MAKES QUESTION OF EXCEPTIONS PROCEDURE LARGELY A MOOT POINT.

3. ON QUESTIONS OF FUTURE WORK OF INVESTMENT EXPERTS GROUP, QUAI, WHICH HAD HAD TIME TO STUDY U.S. PROPOSALS SINCE LAST WEEK (REF B), EXPRESSED VIEWS IN AGREEMENT WITH OURS ON BOTH ISSUES. FINANCE MINISTRY (HERNANDEZ) WHO NOT PREVIOUSLY INFORMED OF U.S. VIEWS, TOOK MORE CAUTIOUS LINE. HE HOPED WORK ON INVESTMENT GUIDELINES AND MNE "WOULD PROCEED IN PARALLEL". ON NEW COMMITTEE, NO POSITION WAS EXPRESSED EXCEPT GENERAL VIEW THAT IT MIGHT BE GOOD TO CONCENTRATE ALL INVESTMENT WORK IN ONE GROUP.

4. TWO PRINCIPAL FACTORS WOULD APPEAR TO EXPLAIN CAUTIOUS ATTITUDE OF GOF ON NATIONAL TREATMENT QUESTION:

A. ALTHOUGH IN PRACTICE THERE IS LITTLE GOF DISCRIMINATION AGAINST FOREIGN-OWNED FRENCH COMPANIES (EXCEPT IN CERTAIN SPECIFIED AREAS LIKE COMPUTERS) AND GOF "FAVORS PRINCIPLE" OF NATIONAL TREATMENT, FRENCH ARE TRADITIONALLY UNENTHUSIASTIC ABOUT BINDING INTERNATIONAL COMMITMENTS ON PRINCIPLES, ESPECIALLY IF THEY FEEL THESE COULD LIMIT THEIR FLEXIBILITY IN AREAS OF ECONOMIC POLICY THEY CONSIDER SENSITIVE. INVESTMENT IS SUCH AN AREA.

B. IN PART, BECAUSE OF THIS LACK OF ENTHUSIASM FOR CODES OF GOOD CONDUCT (CF. PARIS 26578), THERE IS TENDENCY AMONG RELATIVELY SMALL AND ALREADY OVER-EXTENDED GROUP OF OFFICIALS RESPONSIBLE FOR FRENCH INTERNATIONAL FINANCIAL AND ECONOMIC POLICY TO PLACE ISSUES SUCH AS THIS ON A BACK BURNER. WITH TIME FOR DETAILED STUDY LACKING, SAFEST DECISIONS TO MAKE ARE THOSE WHICH LEAST COMMIT FUTURE FRENCH POLICY. THUS, WE WOULD EXPECT FRANCE WILL NOT BE WILLING TO MOVE TOO FAR IN PUTTING TEETH INTO NATIONAL TREATMENT GUIDELINES. RUSH

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